

Higher Education Enrollment Demand and Student Access During the 1990s Recession

Background

The Commission's statewide enrollment demand projections that were released in 2000 indicated that 714,000 additional students would seek enrollment at California's public colleges and universities between 1998 and 2010. It also was anticipated that California's significant independent higher education sector would need to accommodate approximately 79,000 additional students. The capital outlay cost to *expand, modernize, and renovate* the state's higher education physical plant was estimated at over \$1.5 billion per year throughout the present decade. As of Fall 2001, nearly 38 percent (267,503) of the anticipated 714,000 additional students have already enrolled in California public colleges and universities, with the remainder anticipated to arrive in subsequent years.

The projections were developed during California's most recent economic boom period that began in 1995. The period was marked by six consecutive years of expansion of the State's economy. Most fiscal planners at the time had forecast that (1) California's economic expansion would continue at least through 2004, (2) personal income would grow by about 7 percent per year through 2008, and (3) general fund revenue would increase by at least 6 percent per year during the first half of the present decade. It was presumed that a healthy and vibrant economy would mean that any increases in student fees would be quite moderate and predictable, thereby enabling families to plan effectively for college expenses.

The Commission's updated projections, as well as the projections just released by the Department of Finance, indicate that over a half million additional students will likely seek enrollment at California public colleges and universities during the nine-year period, Fall 2001 to Fall 2010. In the near-term, as shown by Display 1, enrollments are projected to increase by approximately 280,00 or 12.4 percent.

Display 1 Public Higher Education Projections in the Near-term

Fall Term	Grand Total	California Community Colleges	California State University	University of California
(Actual)	2,254,422	1,686,663	388,605	179,154
2002	2,373,768	1,779,629	406,684	187,455
2003	2,443,439	1,826,090	423,087	194,262
2004	2,492,811	1,856,433	436,172	200,206
2005	2,534,224	1,882,830	446,329	205,065
Additional Students	279,802	196,167	57,724	25,911
PCT Change	12.4	11.6	14.9	14.5

Source: Department of Finance 2002 Projections Series

Note: UC Projections exclude health science enrollments

Given the State's current fiscal crises and sluggish economy, however, many educational planners and California residents would like to know the extent to which the

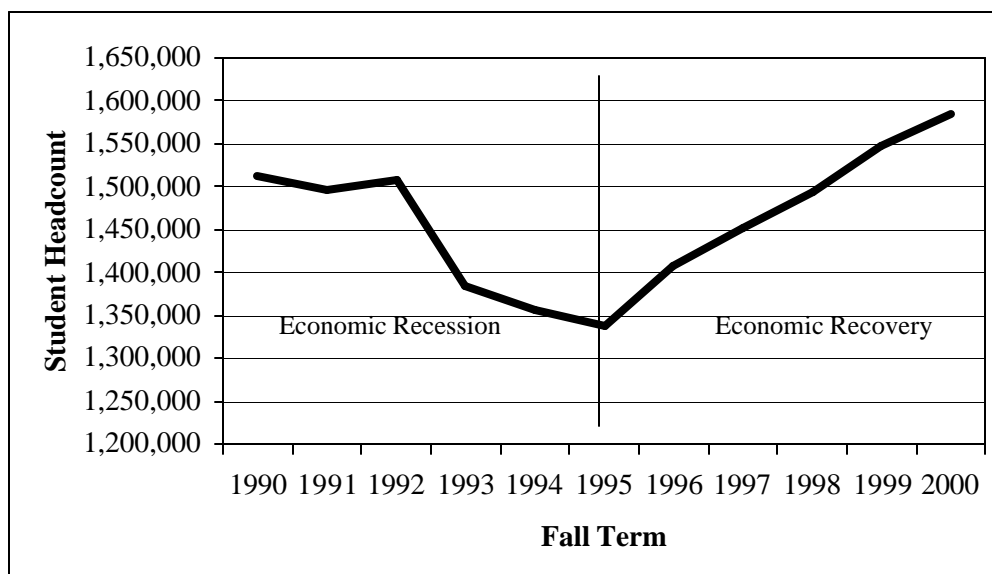
budget deficit may impact student access, enrollment demand, and student fees in the immediate future.

Absent corrective action, the *Legislative Analyst's Office* (LAO) estimates that the State will likely face a general fund deficit of 6.1 billion at the close of the current 2002-03 fiscal year and a deficit of \$21 billion for fiscal year 2003-04. The Governor's *Mid-Year Spending Reduction Plan*, dated December 6, 2002, addresses the current fiscal challenge by proposing spending reductions and adjustments totaling \$3.4 billion for the current fiscal year and \$6.8 billion for year 2003-04, or \$10.2 billion in reductions over the two-year period. The Davis Administration intends to present a balanced plan in its 2003-04 Budget that addresses the complete shortfall.

This staff paper provides a summary of the effect the 1990s recession had on public higher education enrollments.

Lessons Learned: The Impact of the 1990s Recession on Higher Education

Display 2 Community College Enrollments During and Following the State's 1990s Economic Recession



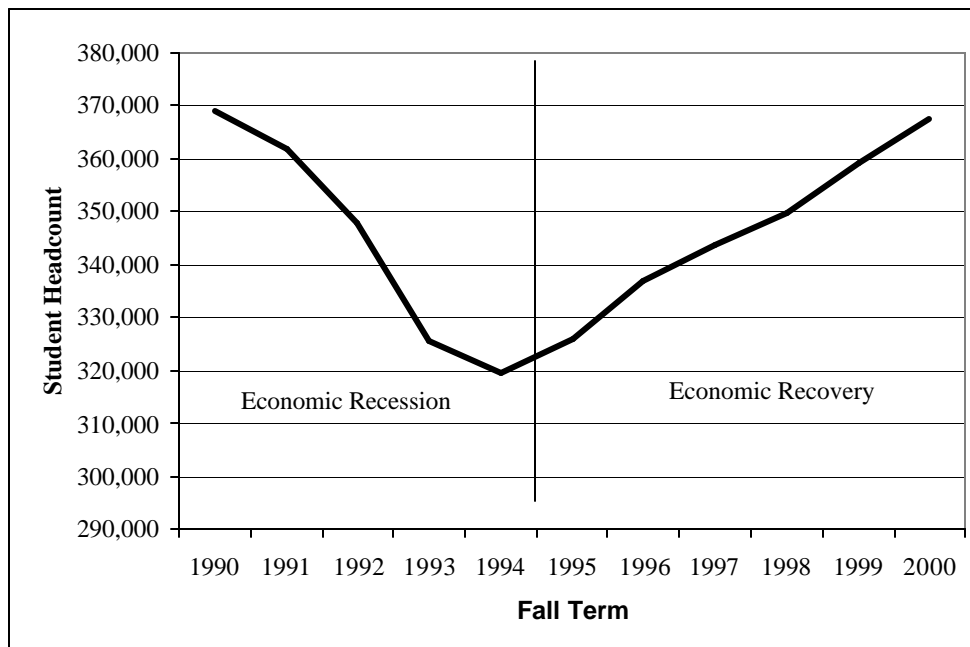
Because public higher education is mostly a non-statutorily protected segment of the budget, the enterprise can be particularly vulnerable during times of economic despair and budget shortfalls. With respect to student access, it seems that legislative actions and management practices implemented during the State's recession of the early 1990s presented all three public postsecondary systems with immense challenges. As shown above by Display 2, community college enrollments plummeted by 176,315 students between 1990 and 1995, before they began to recover in 1996.

The steep nine percent decline in community college enrollments that occurred between Fall 1992 and Fall 1993 coincided with the implementation of Senate Bill 766 (1992). That Bill raised community college fees for students with a baccalaureate degree from \$6 per unit to \$50 per unit, increased fees for non-baccalaureate students from \$6

per unit to \$10 per unit, and removed the 10-unit limit on courses for which students would be charged. Subsequent legislation action in 1993 raised the enrollment fee for students without a baccalaureate degree from \$10 per unit to \$13 per unit.

The California State University lost nearly 50,000 (13.5%) students between the recession years, 1990 to 1994, as shown graphically in Display 3. Moreover, CSU First-time Freshman enrollments declined by 25.5 percent between 1990 and 1993, as average annual student fees more than doubled, from \$920 in 1990-91 to \$ 1,853 in 1994-95.

Display 3 California State University Enrollments During and Following the State's 1990s Economic Recession

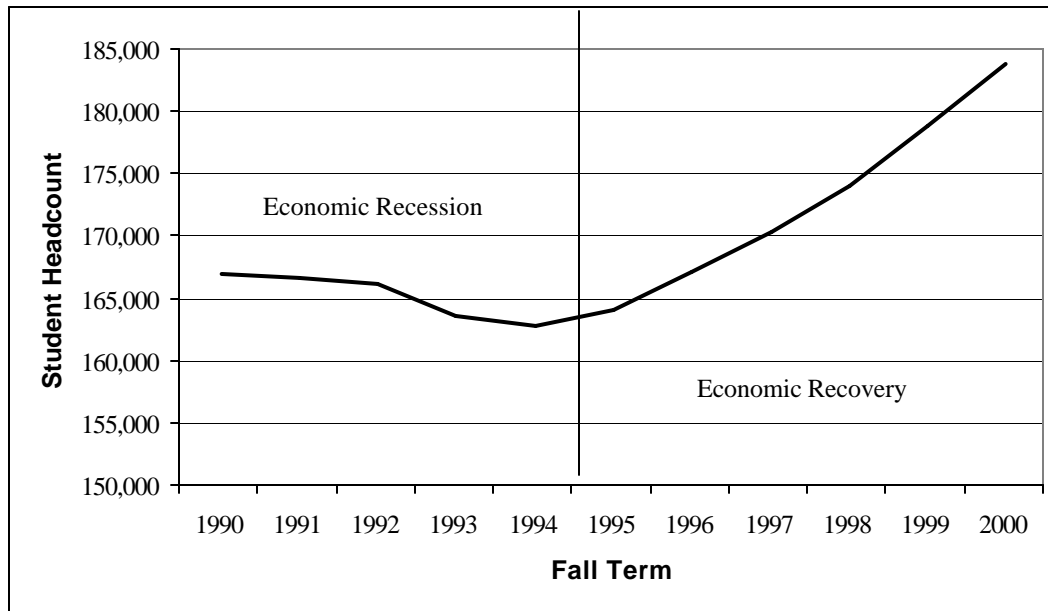


Changes in University of California enrollments during the 1990s recession were not as dramatic as the changes experienced by the other two public higher education systems. As shown by Display 4, UC enrollments dipped by approximately 4,200 students, or 2.5 percent, between 1990 and 1994. This, however, does not mean that the University was not confronted with the same magnitude of budgetary challenges experienced by the CSU and the California Community Colleges. In fact, *General Fund* Support to UC declined from \$13,465 per FTES in 1990 to \$11,782 per FTES in 1994. Over the same period, *Average Statewide University Fees* increased by 134 percent.

Declines in college and university enrollments, and increases in student fee charges, are just part of what occurs during economic recessions. Of equal concern are the drastic changes in the quality of educational services provided to students during times of fiscal constraint. During the 1990s recession, for example, campuses streamlined their operations by offering fewer courses, canceling some classes that had been previously scheduled, closing some student service departments (e.g., Office of Psychological Counseling), curtailing outreach programs, offering early retirement programs for the senior faculty, reducing library holdings of books and scholarly research

journals, and shortening the priority time period for accepting admission applications from prospective first-time freshmen and transfer students.

Display 4 University of California Enrollments During and Following the State's 1990s Economic Recession



Often, the students affected the most during economic recessions are first-generation students and students of lower socioeconomic backgrounds, because those students typically need a wider range of academic enrichment programs and advising services in order to successfully persist to graduation. It should be noted, however, that even students with above-average financial resources and resilience are adversely impacted when, for example, they are put on a one-year wait list for enrollment in a required course, are enrolled in a challenging course that is well above the class enrollment limit, are in need of psychological counseling at a time when the campus no longer provides that service, or when they find it difficult to complete a research project because the campus library has cancelled its subscription to various scholarly journals and periodicals.